SOUTHERN AFRICA Food Security Update — August 2007

- Recently concluded National Vulnerability Assessments found that the food insecure population in the region has doubled from about 3.1 million last year to 6.1 million this year.

- Food insecurity is most severe in Lesotho, Swaziland and Zimbabwe, where significant production deficits occurred as a result of the severe drought. FAO and WFP assessments conducted in May and June point to the existence of widespread food access problems with 401,200 in Lesotho, 407,000 in Swaziland, and up to 4.1 million in Zimbabwe expected to face food shortages from July until March 2008.

- In Malawi, Tanzania, Zambia, Angola, and northern Mozambique the food security situation is projected as satisfactory with above average harvests following a good crop-growing season. Staple food prices remain lower than at the same time last year and the past five-year average in these countries.

- Excessive rains in Malawi, Tanzania, Zambia, Angola, and northern Mozambique caused flooding, loss of crops, and disruption of livelihoods placing many at risk of food insecurity. Assessment results also suggest the existence of localized cases of chronic food insecurity in these countries.

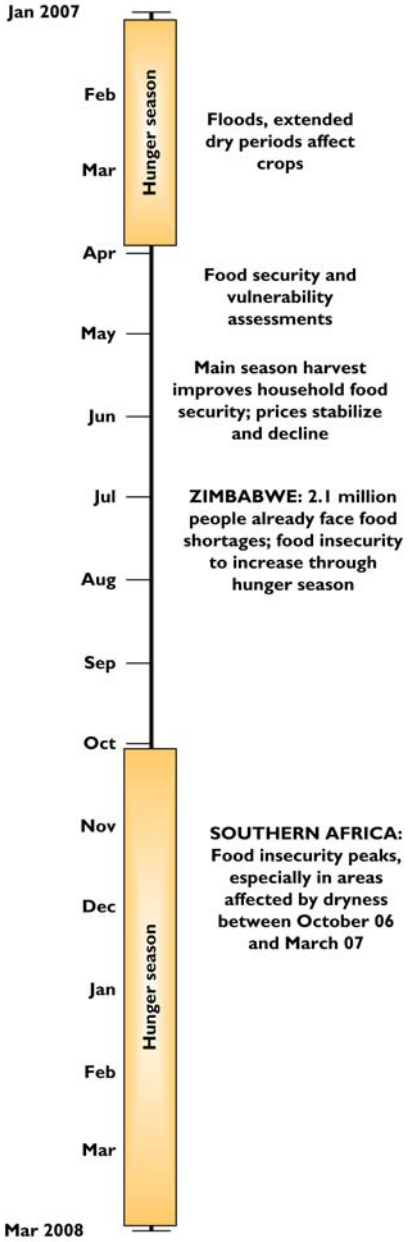
- Although Malawi, Zambia and Tanzania have realized surpluses in staple food production, intra-regional trade may not be vibrant enough to meet the needs of grain deficit neighboring countries. Limited market and transport infrastructure is not likely to be able to handle the large volumes of intra-regional trade needed to fill gaps in deficit countries.

Food security summary

Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe will face worse food shortages this year when compared to last year and the past 5-year average primarily on account of poor 2006/07 harvests. Nevertheless, assessment results indicate that Lesotho, Swaziland, southern Mozambique and Zimbabwe will face the most severe food insecurity this year.

Elsewhere in the region, crop growing conditions have been favorable. As a result, food security is reported to have improved. Reports indicate that the food security situation for many vulnerable populations in Malawi, Tanzania and Zambia has steadily improved since the end of the hunger season in March when the 2007 harvests began.

Early Warning Timeline



Food prices dropped significantly after the harvest, easing access for the poor and market dependent households. In general, food supplies for most households are expected to remain comfortable until the start of the hunger season in September/October 2007. Despite this positive picture however, national vulnerability assessments have revealed pockets

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of vulnerable groups at risk of becoming food insecure who either require some assistance or a close "watch" in Angola, Malawi, and Zambia – all countries with good harvest projections.

In Lesotho, Swaziland, Zimbabwe and southern Mozambique, joint FAO/WFP crop and food assessment missions and the national vulnerability assessments carried out by the National Vulnerability Assessment Committees (NVACs) found high levels of food insecurity affecting significant proportions of the populations. Table 1 summarizes this year's assessments of the number of food insecure people in the most food insecure countries in the region and compares them with assessments since 2004/05. The table shows increases in food insecurity (compared to last year) in Lesotho, Mozambique, Swaziland, Zambia and Zimbabwe.

Table 1. NVAC-estimated numbers of food insecure populations

	VAC Assessed Number of Food Insecure[1]				Cereal Required (MT)
Country	2004/05	2005/06[2]	2006/07	2007/08	
Lesotho	948,300	548,800	245,739	553,000	38,800
Malawi	1,340,000	4,224,400	833,000	na[3]	na[3]
Mozambique	115,843	428,235	121,542	660,000	50,000
Swaziland	262,000	226,640	465,890	345,012	32,677
Zambia	215,665	1,232,661	0	440,866	31,746
Zimbabwe	2,341,000	2,900,000	1,392,548	4,100,000[4]	352,000[4]
Total	5,222,808	9,560,736	3,058,719	6,098,878	495,223

1/ Sourced from the 2004, 2005, 2006 and 2007 VAC reports and preliminary results as at 5 July 2007.
2/ Through further monitoring, the 2005 numbers increased over the hunger season in Malawi, Mozambique and Zimbabwe.
3/ In Malawi, 519, 200 people are at risk to food insecurity ONLY and therefore placed on "watch"
4/ ZimVac July 5th presentation indicated analysis was still on-going – numbers presented are from the FAO/WFP Crop and food supply assessment report – June 2007

In Malawi, no significant acute or transitory food insecurity was found. The decline in food insecurity in Malawi is attributable to the good food and cash crop harvests realized as a result of favorable rainfall performance and the success of the government's input subsidy programs.

In Zambia, the VAC assessed that about 441,000 people requiring food aid this year compared to none last year. This is mainly due to the adverse impact of excessive rainfall experienced in different parts of the country that led to water logging and crop losses.

Overall, the food insecure population in the region has doubled from about 3.1 million last year to 6.1 million this year. Growing poverty, the steady erosion of household assets, and reduced resiliency as households deal with adverse impacts of varied shocks (including HIV/AIDS, policy related shocks, and inclement weather) have increased the levels of vulnerability of people in the region to food insecurity, especially following reductions in cereal production.

The UN has issued flash appeals for Lesotho and Swaziland to fund a wide range of responses meant to address the needs of populations facing critical food shortages and other adverse effects of the drought and other shocks. The UN is appealing for US$18.9 million for Lesotho and US$ 15.6 million for Swaziland to support of the respective government's efforts to provide emergency food assistance as well as other interventions focused on strengthening the livelihoods of food insecure people. In both countries, WFP plans to increase number of beneficiaries in vulnerable group feeding programs through their regional Protracted Relief and Recovery Operation (PRRO) to meet increased needs due to more severe food insecurity expected this year.

In June, WFP reflected a resource shortfall of 20 percent for the Southern Africa PRRO. About US$153.7 million has been mobilized against a requirement of US$191.9 million meant to cover some 4.7 million beneficiaries in 2007 (not taking into account the additional needs as a result of the higher level of transitory food insecurity). The additional funds (as outlined in the flash appeals) are therefore critical to ensure that emergency food aid gets to the affected populations in time to mitigate loss of livelihoods, increased malnutrition, and in the worst affected areas to save lives. However, the pipeline for WFP's regional PRRO is under-resourced, and pipeline breaks are expected in all countries from the start of the hunger season in October (See Table 2 below).

In Zimbabwe, WFP recently launched an urgent appeal for US$118 million to provide immediate assistance to 3.3 million people facing severe food shortages. The total number of people in Zimbabwe requiring assistance is estimated by the UN

(FAO/WFP) at 4.1 million, of which WFP will support 3.3 million. The remainder will be supported by NGOs including the Consortium for the Southern Africa Food Emergency (C-SAFE).

Markets and trade

Grain availability in the region remains insufficient to cover staple food requirements in the countries facing large production deficits. As a result, both intra-regional trade and international trade are expected to play a major role in filling the cereal import requirements of individual countries this marketing year.

Table 2. Food aid (cereal) distributions for April – June 2007 and Pipeline Requirements July 2007 – April 2007. WFP Southern Africa PRRO (MT)

	Apr - June 2007		Jul 07 - Apr 2008		
	Planned	Distributed	Requirements	In Pipeline	Shortfall
Lesotho	2,798	1,470	25,839	11,126	-14,713
Malawi	9,310	7,333	11,175	1,018	-10,157
Mozambique	11,485	591	36,011	21,853	-14,158
Namibia	3,157	2,257	6,714	2,363	-4,351
Swaziland	2,583	1,804	18,586	5,483	-13,103
Zambia	10,822	3,749	42,008	5,148	-36,860
Zimbabwe	16,889	6,537	300,366	122,188	-178,178
TOTAL	**57,046**	**23,741**	**440,699**	**169,179**	**-271,520**

Source: World Food Programme (ODJ) and USAID/FFP Pretoria. Includes C-SAFE programs for Lesotho and Zimbabwe: June-Dec 2007

In normal years, structurally grain deficit countries (including Zimbabwe) usually source most of their requirements from South Africa. However, this year, with the shortages existing in South Africa (and resultant high prices), and surpluses existing in Malawi, Tanzania and Zambia, some importing countries have turned their attention northwards, and have concluded import agreements with the three surplus producing countries. Malawi is expected to supply some 400,000MT to Zimbabwe over a 10 month period (starting in May 2007); and an undetermined amount to Swaziland. By the end of July, some 114,000 MT had already been shipped to Zimbabwe, while nothing as yet had been moved of the Swaziland consignment. Zambia is also expected to supply neighboring Democratic Republic of Congo, and perhaps Zimbabwe. Unconfirmed reports also point to a deal between Tanzania and Zimbabwe to export a total of 200,000 MT of maize.

Although this year presents an opportunity for greater intra-regional trade, underdeveloped transport and marketing infrastructure create bottlenecks to this kind of trade. Despite lower farm-gate prices in surplus countries, landed prices (in importing countries) are likely to be quite high due to the high transaction costs involved. While formal trade is likely to be limited by these factors, the informal trade that is well developed between countries like Malawi and Mozambique is likely to continue normally. For example, Malawi has already informally imported almost 22,000 MT of maize from northern Mozambique (See Table 3). However, this type of trade accounts for a relatively small proportion of total imports especially in the countries (like Zimbabwe) faced with large cereal deficits.

Table 3. Maize Imports by SADC member states. April 2007 to July 31, 2007 (MT)

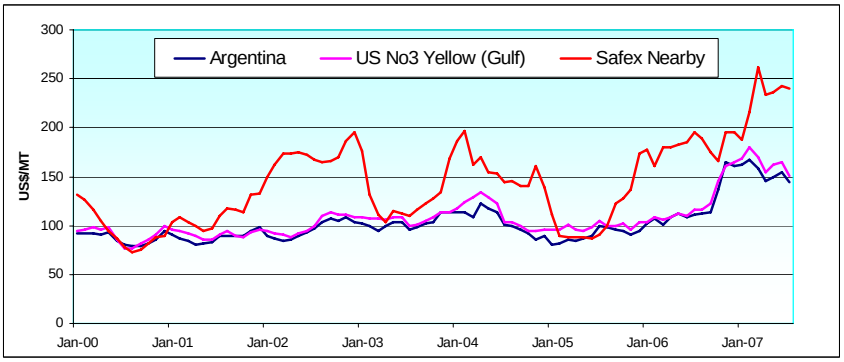
	Ang	Bot	DRC	Les	Moz	Mal	Mad	Nam	Swa	Tan	Zam	Zim	TOTAL
SA White Maize	0	35,499	0	22,112	11,211	0	0	6,220	954	0	0	1,541	77,537
SA Yellow Maize	0	225	0	1,141	0	0	0	4,865	12,964	0	0	0	19,195
Informal Cross Border	-	-	8,123	-	59	21,672	-	-	-	68	2,264	256	32,442
Formal Other	-	-	-	-	-	-	-	-	-	-	-	114,085	114,085
Total	0	35,724	8,123	23,253	11,270	21,672	0	11,085	13,918	68	2,264	115,882	243,259

Source: South African Grain Information Service (SAGIS) – July 31, 2007 and Southern Africa Informal Cross Border Monitoring System - June 2007

South African maize prices are driven by both local supply and demand conditions as well as international grain prices, which in turn, are driven by overall global supply and demand. Despite a slight dip in the average price for July, international prices have risen considerably due to increased global demand especially in the USA where maize is used in ethanol production. Rising world prices, and hence high import parity prices, are likely to keep SAFEX prices at much higher levels for most of the marketing year, making South Africa's maize less competitive (See Figure 2).

In Malawi, Zambia and Tanzania, local prices depend more on domestic availability, which reflects the lack of integration of grain markets in southern Africa. The adequate maize availability and good harvests in these countries have kept both wholesale and retail prices low, leading to generally satisfactory food security conditions. Although maize retail prices have remained low when compared to last year and the past five year average in Malawi, Mozambique, Tanzania and Zambia, there was a slight increase in the July monthly averages recorded at all the monitored markets.

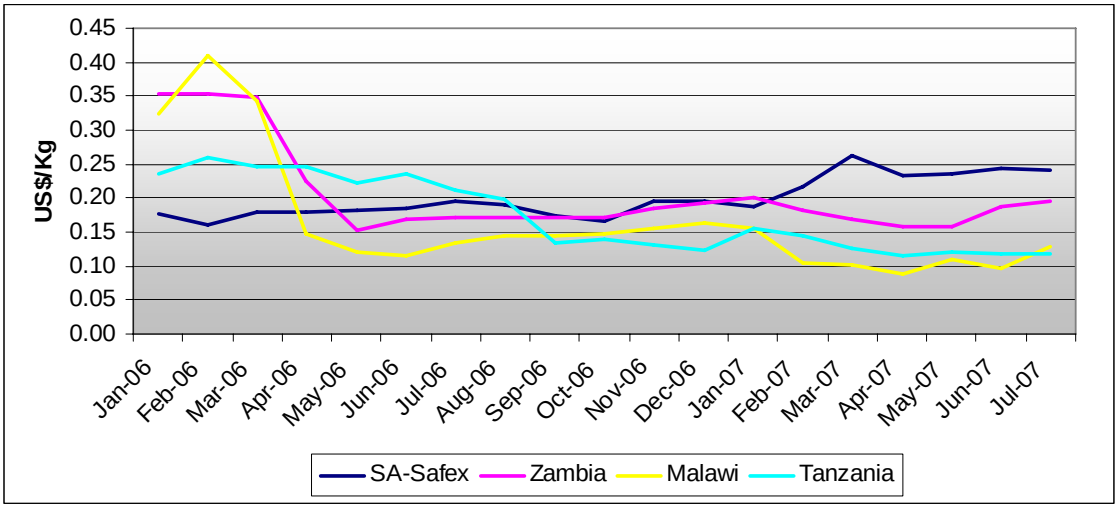
Figure 1. FOB USA and Argentine maize prices compared to white maize SAFEX nearby – Jan 2000 – July 2007



Data source: SAFEX and SAGIS

In Zimbabwe on the other hand, where inflation is escalating at record levels and food shortages continue largely unabated, maize prices in US dollar equivalents in the three monitored markets (Harare, Bulawayo, and Mutare) rose on average by 396 percent, (from US$0.25/kg in May to US$1.24/kg in July - using the official revised exchange rate of Z$15,000 to US$1). Prices are likely to rise further and remain high as current food supplies (production and imports) are insufficient to meet domestic demand. This could be exacerbated by failure to bring in planned imports (both commercial and food aid). It is important to note, however, that price comparisons between Zimbabwe and other countries are difficult in Zimbabwe's current highly inflationary and implosive economic environment.

Figure 2. Wholesale Prices of White Maize – Lusaka, Lilongwe and Dar es Salaam and SAFEX nearby (white maize): Jan 2006 – July 2007



Source: SAFEX and FEWS NET Malawi, Tanzania, and Zambia

The Southern Africa Food Security Brief draws from the FEWS NET monthly food security reports, with additional contributions from network partners including FEWS NET/USGS, the SADC Regional Remote Sensing Unit, SADC Regional Early Warning Program – Gaborone and the SADC Regional Vulnerability Assessment Committee comprised of SADC FANR, FAO, WFP, FEWS NET, SC (UK), and OCHA. Additional information is drawn from the national early warning units and meteorology services in SADC member states.